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TAGS: PREL PGOV GR

SUBJECT: FRUSTRATED NEW DEMOCRACY PARLIAMENTARIANS BEHAVING BADLY

Classified By: Political Counselor Robin Quinville. Reason: 1.4 (b) and (d).

¶1. (C) SUMMARY: Just weeks after the New Democracy government's re-election, a small number of disappointed ND MPs have begun behaving badly. Normally, their verbal pot shots at Karamanlis would make few waves in the media or with the public. But Karamanlis's two-seat parliamentary majority gives every sign of disagreement greater status. ND insiders discount reports of infighting, blaming disappointed ex-ministers for trying to make Karamanlis's life difficult. And so far, opposition PASOK's leadership crisis has masked this mini-rebellion. Karamanlis is wielding the threat of "snap" elections to keep MPs in line, while proceeding cautiously on the policy front. END SUMMARY.

¶2. (C) A month after elections gave him a precarious two seat majority (152 seats in a parliament of 300), Karamanlis is struggling to maintain his government's aura of solidarity and confidence. His main problem children are two former members of his cabinet (now MPs): ex-Public Order Minister Vylon Polydoras and ex-deputy Culture Minister Petros Tatoulis. The outspoken Polydoras has found it tough to hide his anger at being ousted from his Ministerial post, and has openly criticized both the PM's office and ND party administration. Tatoulis, for his part, is threatening to vote against a new ND-sponsored electoral law scheduled for consideration in early 2008. Other ND MPs have also taken pot shots at Karamanlis, including former Minister for the Aegean Pavlides and former deputy Health Minister Yannopoulos.

¶3. (C) ND sources tell us that party "infighting" is not serious, merely two disappointed office seekers letting off steam. They do not believe that either Polydoras or Tatoulis will declare himself an "independent," reducing Karamanlis's majority. Karamanlis is reportedly wielding the threat of "snap" elections to keep ND parliamentarians in line. "Snap" elections (i.e., held less than 20 months after the previous election) would give Karamanlis greater control over the candidates for parliamentary seats; he would therefore find it easier to oust his opponents. Some ND MPs question whether Karamanlis would take the risk of returning to the polls, given his narrow victory in September.

¶4. (C) On policy issues, Karamanlis is taking a cautious approach. Most believe he will focus on economic reform, taking small steps on the pension system without offering a comprehensive (and controversial) way forward. Karamanlis is reportedly unhappy that his capable Economy minister Alogoskoufis went public with a proposal to raise taxes -- a policy that Karamanlis had specifically rejected during the election campaign.

COUNTRYMAN